

December 10, 1999

BULLETIN 15-99

TO: ALL LICENSED INSURERS, ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS, ALL LICENSED FARMERS' MUTUAL AID ASSOCIATIONS, ALL LICENSED HOSPITAL AND MEDICAL SERVICE CORPORATIONS, ALL LICENSED COURSE PROVIDERS, ALL INSURER AND AGENT TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: READOPTION OF RULE AND REGULATION 50, "AGENTS CONTINUING EDUCATION", EFFECTIVE NOVEMBER 10, 1999

The Insurance Department has now readopted Rule and Regulation 50, "Agents Continuing Education." Readopted Rule 50 shall be effective on and after November 10, 1999.

Major changes made to the Rule for its final adoption AFTER the public hearing at the Department on October 19, 1999 include:

- 1) The effective date in Section 3 of April 15, 1998 is an error. There was an error in the Section 3, Page 1 of the original amendment to the rule. The effective date should be the date the rule was made a public record, November 10, 1999.
- 2) Insertion in Section 4 of the exemption from this rule for "Licensed insurance consultants for life, disability, property or casualty insurance, or for other lines of insurance" and "Nonresident agents and brokers in the first full year of resident licensing following the year after a change in the state of domicile or residency to the State of Arkansas; but thereafter annually or otherwise in accordance with insurance continuing education laws, and rules and regulations of the commissioner." These additions are made pursuant to Act 657 of the 1999 legislative session.
- 3) Adding new language on Correspondence Courses in Section 5, subsection B, Nos. 10 & 12. Insertion in subsection "10" of the following language "Any correspondence courses, including, but not limited to, correspondence courses offered via the Internet." Insertion of subsection "12" with the following language "Subject to approval by the commissioner, the active annual

membership of the licensed agent or broker in local, regional, state or national professional insurance organizations or associations may be approved for up to two (2) annual hours of instruction. These hours shall be credited upon timely filing with the commissioner or his designee appropriate written evidence acceptable to the commissioner of such active membership in the organization or association.”

- 4) Adding new language concerning Excess Education Hours in Section 9, subsection C. The following language was added “Excess hours in the amount required pursuant to this rule may be carried forward to the next calendar year. Continuing education carried forward to the following calendar year shall expire upon commencement of the third year following completion of the hours.”

Please contact the License Division at 501-371-2750 with any questions or for forms; Contact the Legal Division for copies of the new Rule 50, at 501-371-2820.



MIKE PICKENS
INSURANCE COMMISSIONER

**RULE AND REGULATION 50
AGENTS CONTINUING EDUCATION**

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BY _____

SECTION 1. PURPOSE

The purpose of this Rule and Regulation is to establish requirements and standards for continuing education for natural persons licensed as insurance agents or brokers by the Commissioner.

SECTION 2. AUTHORITY

This Rule is issued under the authority vested in the Commissioner of Insurance ("Commissioner") by Ark. Code Ann. Section 23-64-304(a), as amended by Act 1004 of 1997.

SECTION 3. EFFECTIVE DATE AND APPLICABILITY

This Rule and Regulation shall be effective November 10, 1999 and shall be applicable to those persons licensed to act as an insurance agent or broker, who must comply with Ark. Code Ann. §§23-64-301, et seq., on and after July 1, 1998, for the sale of the following types of insurance:

- A. Life and disability insurance.
- B. Property and casualty insurance.
- C. All lines of insurance for which an examination is required for licensing.

SECTION 4. EXEMPTIONS

- A. This Rule and Regulation shall not apply to the following individuals:
 1. Persons holding licenses for which an examination is not required.
 2. Adjusters and limited adjusters and consultants.
 3. Any limited or restricted license the Commissioner may exempt.

4. Any person who is at least sixty (60) years of age.
 5. Any person who has held a license as an agent, solicitor, consultant or broker for a period of at least fifteen (15) consecutive years.
 6. Third-party administrators who do not solicit business.
 7. Non-resident agents, non-resident consultants or brokers.
 8. Licensed insurance consultants for life, disability, property or casualty insurance, or for other lines of insurance; and
 9. Nonresident agents and brokers in the first full year of resident licensing following the year after a change in the state of domicile or residency to the State of Arkansas; but thereafter annually or otherwise in accordance with insurance continuing education laws, and rules and regulations of the commissioner.
- B. All persons requesting exemption from compliance under Subsection (A)(4) and (5) only shall complete and file with the License Division of the Arkansas Insurance Department the form as found in Appendix F.
- C. Newly licensed agents and brokers during the calendar year in which the applicant first received an Arkansas license shall not be required to comply with continuing education requirements; continuing education requirements shall be due on the licensee's birthday in the first annual period after first renewal of the license (i.e. one year from first renewal of the license).

SECTION 5. EDUCATIONAL REQUIREMENTS

- A. Effective July 1, 1998, any non-exempt persons licensed as agents or brokers shall, before each annual period on their birthday, complete those courses of instruction approved by the Commissioner and equivalent to the following:
1. A total of eight (8) hours of instruction for a life and disability license or life or disability licenses.
 2. A total of eight (8) hours of instruction for a property and/or casualty license.
 3. A total of ten (10) hours of instruction for those other persons holding dual licenses for life and/or disability and property and/or casualty.
- B. Subject to submission and approval of the Commissioner, the courses or programs of instruction successfully completed which shall be deemed to meet the Commissioner's standards for continuing education requirements are:
1. Any part of the Life Underwriting Training Council Life Courses Curriculum and Health Courses.
 2. Any part of the American College "CLU" diploma curriculum.
 3. Any part of the Insurance Institute of America's Program in general insurance.
 4. Any part of the American Institute for Property and Liability Underwriters' chartered Property Casualty Underwriter (CPCU) professional designated program.
 5. Any part of the Certified Insurance Counselor Program.
 6. Any course offered by Certified Health Consultant (CHC).
 7. Any course offered by Registered Health Consultant.
 8. Any insurance related course approved by the Commissioner and offered by an accredited college or university.
 9. Any course or program of instruction, seminar, or meeting sponsored by any authorized insurer, recognized agents' association or insurance trade association or any independent program of instruction.

10. Any correspondence courses, including, but not limited to, correspondence courses offered via the Internet. Any correspondence course, subject to the following:
 - i. All correspondence courses must have a sealed and numbered written examination which measures the licensee's knowledge of the information. Course providers may also add oral or electronic correspondence courses, with oral or electronic examinations.
 - ii. All correspondence course examinations must be proctored.
 - iii. Proctors must provide an affidavit attesting under oath that the examination was proctored, that the examination was provided in a manner specified by the correspondence course provider, and that they are not part of or aware of any efforts to circumvent the requirements of the examination, as provided in Appendix G.
 - iv. Appendix G must accompany the licensee's completed Certificate, Appendix E. Correspondence course providers shall maintain all records on proctors and proctored examinations.
 - v. A proctor must be registered annually with and be acceptable to the Commissioner. Proctors may not serve for examinations of: family members or relatives or dependents, employers or supervisors, employees or subordinates, partners or joint venturers or co-owners, current or former teachers or pupils, neighbors or personal friends or significant others, or for anyone in whom the proctor has an economic or other interest in assuring the successful outcome of the examination.
 - vi. Course providers' filings must explain how correspondence course exams will not be duplicated for any two (2) test takers.
 - vii. Correspondence courses approved and subsequently purchased by the agent or broker, prior to the re-adoption date of this Rule, shall not be governed by this Rule; however course providers must contact the License Division to reconfirm credit hours.
11. Any other course or program approved by the Commissioner.
12. Subject to approval by the commissioner, the active annual membership of the licensed agent or broker in local, regional, state or national professional insurance organizations or associations may be approved for up to two (2) annual hours of instruction. These hours shall be credited upon timely filing with the commissioner or his designee appropriate written evidence acceptable to the commissioner of such active membership in the organization or association.

- C. The Commissioner shall assign the number of continuing education hours for which approved courses qualify.

SECTION 6. COURSE PROVIDER APPROVAL

- A. Application for approval as a provider shall be submitted to the License Division of the Arkansas Insurance Department not less than sixty (60) days prior to the expected use of the program. A provider shall include the following information in duplicate:
1. Detailed description of the subject of the program or course including a course outline, list of any resource materials, and list of speakers or instructors or proctors.
 2. Completion of Appendices A and B and D for the initial certification, and completion of Appendices C and D upon any change in curriculum or instructor.
 3. Schedules of classes, seminars and meetings for all locations.

- B. Changes in schedules are to be filed with the Insurance Department no later than two (2) weeks before such program or course is offered.

SECTION 7. INSTRUCTOR QUALIFICATIONS

- A. A person teaching any approved course of instruction or lecturing at any approved seminar or meeting shall qualify for the same number of educational hours for that course as would be granted to a person taking and successfully completing such course, seminar or program.
- B. Instructors must have had specific insurance training or educational experiences satisfactory and approved by the State Insurance Commissioner in order to be certified to teach any part of any approved course. Each instructor must have five (5) or more years of specific insurance experience and/or education related to and in each part of the insurance training program in which he instructs and must be approved prior to teaching any course, or any part of a course, by the State Insurance Commissioner. Applicants for approval as an instructor shall complete and submit Appendix D to the License Division of the Arkansas Insurance Department.
- C. No person will be approved as an instructor who has received disciplinary action by the Arkansas Insurance Department, the Insurance Department of another state, or any similar regulatory body or court. The Commissioner shall have the authority to waive this requirement.

SECTION 8. PROGRAM REVIEW

Representatives of the Insurance Commissioner shall have the authority to visit a course or program and review its offering at any time including, but not limited to, curriculum records and attendance records.

SECTION 9. FEES AND COMPLIANCE

- A. Every person subject to this Regulation shall furnish, in a form satisfactory to the Commissioner, written certification as to the courses, programs and seminars of instruction taken and successfully completed by such person. Such certification shall be executed by or on behalf of the course provider and may be in the form prescribed in Appendix E. The Commissioner shall provide direction to the vendor as to the form used. Each licensee or the approved course provider may make the filing for the licensee to the Commissioner or his designee. The Commissioner may require vendors to submit the agent's Certificate of Completion of Continuing Education hours on an electronic media to the Department, and may require the vendor to submit information to an outside vendor or other parties contracting with the Commissioner to maintain and update insurance licensees' continuing education data.
- B. Every person subject to this Rule and Regulation and who furnishes to the Commissioner or Vendor of the Commissioner, written certification as to the courses or programs of instruction taken and successfully completed shall tender a filing fee as directed by the Commissioner or Vendor of the Commissioner under his approval.
- C. Excess educational hours accumulated during any annual period may be carried forward only to the next annual period. Excess hours in the amount required pursuant to this rule may be carried forward to the next calendar year. Continuing education carried forward to the following calendar year shall expire upon commencement of the third year following completion of the hours.

- D. For good cause shown, the Commissioner may grant an extension of time during which the requirements may be completed.

SECTION 10. PENALTIES

Upon failure of any agent or broker to comply with Ark. Code Ann. Section 23-64-301, et seq., the Commissioner shall take the steps enumerated in Ark. Code Ann. Section 23-64-304(d) against such individual's license. Failure to comply with this Rule may result in imposition of penalties contained in §23-64-216, as amended, or other applicable laws or rules.

SECTION 11. SEVERABILITY

Any section or provision of this Rule held by the court to be invalid or unconstitutional will not affect the validity of any other section or provision.



MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

11/16/89

DATE